

**FORM OF OPINION OF BORROWER'S COUNSEL
(YOUR LETTERHEAD)**

(DATE OF LOAN CLOSING)

California Housing Finance Agency
Office of General Counsel – MS 1440
500 Capitol Mall, Suite 1400
Sacramento, CA 95814
Attention: _____, Esq.

Re: [Development Name]
[City & County]
CalHFA No.

Dear Mr./Ms. _____:

This opinion is being delivered pursuant to Section _____ of that certain Final Commitment Letter for Permanent Financing dated _____ (the “*Final Commitment Letter*”) between the California Housing Finance Agency (the “*Agency*”) and _____, a California _____ (the “*Borrower/Developer*”) with respect to a loan (the “*Loan*”) to the Borrower/Developer and _____ (the “*Development*”). Capitalized terms not defined in this letter have the meanings given them in the Final Commitment Letter.

I have acted as counsel to the Borrower/Developer in connection with the closing of the Loan, and in connection with the execution of certain documents relating thereto. In my capacity as counsel to the Borrower/Developer, I have examined certain Borrower/Developer records, certificates of public officials and Borrower/Developer certificates and/or representations as to factual matters necessary or proper for rendering this opinion.

For purposes of this opinion, I have examined, among other things, originals or copies identified to my satisfaction as being true copies of the following:

- (a) The Final Commitment Letter executed by Borrower/Developer and Agency;
- (b) The Promissory Note, in the original principal amount of \$_____;
- (c) The “California Housing Finance Agency Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. _____” (the “*Deed of Trust*”);
- (d) The “California Housing Finance Agency Regulatory Agreement, CalHFA Development No. _____” (the “*Regulatory Agreement*”);
- (e) The UCC-1 financing statements;
- (f) The Deposit Account Control Agreement;
- (g) [The Lease Rider Agreement [IF SECURITY IS THE LEASE];
- (h) Other related documents. [ADD AS APPLICABLE]

The items listed above as items (a) through () are collectively referred to below as the “*Loan Documents*.” In the course of our examinations, we have assumed (i) that all signatures, other than those made on behalf of the Borrower/Developer, are genuine; (ii) that the Loan Documents have been duly executed and delivered pursuant to due authorization by all parties to such documents, if any, other than the Borrower/Developer, and (iii) that such documents are enforceable against such other parties in accordance with their respective terms.

We have also reviewed the following organizational documents of Borrower/Developer and _____ (collectively, the “*Organizational Documents*”):

- (a) The executed Limited Partnership Agreement dated _____, as amended to date;
- (b) The Certificate of Limited Partnership (LP-1) for _____, as certified on _____ by the _____ Secretary of State (the “*Secretary of State*”) with all amendments;
- (c) The certificate of _____ (the “*General Partner*”) certifying that copies of the Certificate of Limited Partnership and the Limited Partnership Agreement are true and complete, with all amendments; and
- (d) A certificate of status dated _____ issued by the Secretary of State.

We have also examined and relied upon such other corporate records, instruments, documents and agreements, such certificates or comparable documents of public officials and of [partners] of _____, and such matters of law, as in each case, we have deemed appropriate to render the opinions set forth below.

When a statement in this opinion letter is qualified by the phrase “to the best of our knowledge,” such knowledge is limited to information obtained by us from discussions we have had with the Borrower/Developer in connection with our representation of the Borrower/Developer, and the representations and statements made by the Borrower/Developer in the Loan Documents. Unless otherwise stated, except for our review of the Loan Documents and the Organizational Documents, an inquiry of the attorneys in this firm, and obtaining the [attached] Borrower’s Certificate covering matters we considered appropriate for purposes of this opinion letter, we have made no special investigation of any statement so qualified.

Based upon the foregoing, and in reliance thereon and subject to the assumptions, exceptions, qualifications and limitations contained herein, it is our opinion that as of this date:

1. The Borrower/Developer is a duly formed limited partnership, and is validly existing and in good standing under the laws of the State of California;
2. The Borrower/Developer has the power and authority to own its properties and carry on its business as now conducted and contemplated by the Loan Documents;
3. The Borrower/Developer has full power and authority to enter into, and perform and observe its obligations under, the Loan Documents;

4. The Loan Documents have been duly authorized by all necessary limited partnership action on the part of the partners and have been duly executed and delivered by Borrower/Developer, and the performance by Borrower/Developer of its obligations thereunder has been duly authorized by all necessary limited partnership action on the part of Borrower/Developer;

5. _____ is authorized to execute all the Loan Documents on behalf of Borrower/Developer. All actions required pursuant to the Borrower/Developer's Organizational Documents and California law have been taken;

6. Each of the Loan Documents, to which Borrower/Developer is a party, when executed and delivered by Borrower/Developer, will constitute a valid and binding obligation of the Borrower/Developer enforceable against Borrower/Developer in accordance with its terms. The opinion expressed in this paragraph is subject to the exception that the enforceability of the provisions contained in the Loan Documents and the rights and remedies set forth in the Loan Documents may be subject to (a) bankruptcy, insolvency, reorganization, moratorium, and other similar laws relating to or affecting the rights of creditors generally, and (b) general equitable principles. However, such unenforceability will not render the Loan Documents "invalid as a whole" nor preclude judicial enforcement of repayment, acceleration of the Promissory Note or foreclosure of collateral in the event of a material breach of a payment obligation or other material provision of the Loan Documents.

7. The execution, delivery and performance of the Loan Documents or compliance with the terms and conditions thereof by Borrower/Developer will not conflict with, result in a breach or violation of, or constitute a default under, any of the terms, conditions or provisions of (a) the Organizational Documents, (b) to the best of our knowledge, any term agreement, indenture, mortgage, deed of trust or instrument to which Borrower/Developer is a party or by which any of the Development is bound, or (c) to the best of our knowledge, any law of the United States of America or of California or any provision of the California Revised Uniform Limited Partnership Act Cal. Corp. Code §15900, et seq. whatsoever, binding on the Borrower/Developer.

8. To the best of our knowledge, but without having investigated any governmental records or court dockets, and without having made any other independent investigation other than our litigation docket and information provided to us by the Borrower/Developer, there are no actions or proceedings pending or overtly threatened in writing, against the Borrower/Developer or the Development, except as disclosed in the _____ Agreement [and except as described on Exhibit A], which, in the event of an adverse decision could reasonably be expected to affect materially and adversely the consolidated financial position of the Borrower/Developer or Project or which in any manner draws into question the validity of the Loan Documents.

9. As of this date, the requirements of Article XXXIV of the California Constitution with respect to the Development have been satisfied based upon the following

_____. Even if the requirements of Article XXXIV of the California Constitution were not satisfied as of this date, any judicial action attacking or otherwise questioning the legality of the Development on the basis of Article XXXIV compliance would be barred pursuant to California Health and Safety Code Section 36005.

[INSERT 10. ONLY IF LOAN IS BEING FINANCED FROM THE PROCEEDS OF 501(c)(3) BONDS.]

10. The Borrower/Developer is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended from time-to-time (the "Code"), and is exempt from federal income tax under Section 501(a) of the Code; the Internal Revenue Service has determined that the Corporation is an organization described in Sections 501(c)(3) and 509(a)(1) of the Code and, to the best of our knowledge, such determination continues in full force and effect; and to the best of our knowledge, the Corporation has not engaged in any transaction or activity that could cause its tax exemption to be revoked and no such transaction or activity is presently contemplated or under consideration. The business to be carried on by the Borrower/Developer of providing low-income housing with respect to the Development using the proceeds of the Loan is substantially related to the furtherance of the Corporation's exempt purposes.

[INSERT 11. ONLY IF THE BORROWER/DEVELOPER IS A LIMITED PARTNERSHIP AND THE DEVELOPMENT WILL BE TAKING ADVANTAGE OF PROPERTY TAX EXEMPTIONS PURSUANT TO R&T CODE SECTION 214(g)(1).]

11. For the purposes of Section 214(g)(1) of the California Revenue and Taxation Code, the Borrower/Developer is a limited partnership in which the managing general partner is an eligible nonprofit corporation.

12. We are licensed to practice law only in the State of California and in the federal courts of the United States of America. Accordingly, the foregoing opinions apply only insofar as the laws of the State of California or of the United States of America may be concerned.

I understand that the Agency is relying on this opinion would not be making the Permanent Mortgage Loan without it. This opinion may be relied upon by the Agency, or by any assignee of any interest of the Agency in the Loan Documents.

Very truly yours,

